



PROPOSITION 1 ECONOMICALLY DISTRESSED AREA INSTRUCTIONS

The Department of Water Resources (DWR) developed the Economically Distressed Area (EDA) Instructions and Mapping Tool in response to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1). These EDA Instructions are intended for prospective applicants for Proposition 1 grant and loan programs that include a consideration for EDA, such as a waiver or reduction in the mandated local cost share.

Prospective applicants can use these instructions, view the EDA Mapping Tool, and read the grant or loan program guidelines for which they wish to apply to ensure that the submittal will meet both EDA and specific grant or loan program requirements.

For questions about this document, or other technical issues, please contact DWR Project Services Office at (888) 907-4267 or by e-mail at: GRanTSadmin@water.ca.gov. These Instructions and the EDA Mapping Tool can be found at: <https://water.ca.gov/Work-With-Us/Grants-And-Loans/mapping-tools>.

Proposition 1 defines the term “economically distressed areas” and references how it should be applied in specific grant and loan funding programs. It is defined as follows and serves as the basis for the EDA Instructions and Mapping Tool.

Water Code §79702.(k) *“Economically distressed area” means a municipality with a population of 20,000 persons or less, a rural county, or a reasonably isolated and divisible segment of a larger municipality where the segment of the population is 20,000 persons or less, with an annual median household income that is less than 85 percent of the statewide median household income, and with one or more of the following conditions as determined by the department:*

- (1) Financial hardship.
- (2) Unemployment rate at least 2 percent higher than the statewide average.
- (3) Low population density.

DWR and the State Water Resources Control Board (SWRCB) administer solicitations for various Proposition 1 grant and loan programs. Table 1 lists the Proposition 1 grant and loan programs that include a nexus to the EDA term. The three program nexuses include the following items:

- Waiving or reducing the cost-sharing requirement (50 percent of the total costs of the project) for projects that directly benefit an economically distressed area,
- Ensuring involvement of economically distressed areas, and
- Allocating funds for technical assistance to eligible communities.

Table 1: Proposition 1 grant and loan programs that include a nexus to the EDA term

Table 1 – Proposition 1 Grant and Loan Programs with Economically Distressed Area Reference						
Water Code Section	Agency	Program Name	Program Amount	Program Nexus to EDA		
				Cost Share	Involvement	Technical Assistance
79725(a)	SWRCB	Small Community Wastewater	\$260,000,000	X		X
79725(a)	SWRCB	Drinking Water	\$260,000,000	X		X
79742(c)	DWR	Integrated Regional Water Management Program	\$510,000,000	X	X	
79742(c)	DWR	Water Use Efficiency	\$100,000,000	X		
79742(c)	SWRCB	Stormwater Management	\$200,000,000	X		
79766	SWRCB	Water Recycling	\$625,000,000	X		
79766	DWR	Water Desalination	\$100,000,000	X		
79774(b)	SWRCB	Groundwater Quality	\$800,000,000	X		
79774(b)	DWR	Sustainable Groundwater Planning	\$100,000,000	X		

Table 2: Key criteria related to establishing EDA status. DWR will update the Table 2 MHI, population density, and unemployment rate data and the EDA Mapping Tool on an annual basis, following the release of the relative information by the Census Bureau and the Employment Development Department.

Table 2 – Economically Distressed Area Basis for Criteria

Steps	Criterion	Definition and Data Source	Applicable Geographic Layer on EDA Mapping Tool
Step 1	Option 1 A municipality with an annual MHI <85% of the statewide median AND a population of 20,000 people or less.	<p>A municipality is an incorporated city or unincorporated area where an entity provides a public service. The American Community Survey (ACS) Data provides Median Household Income (MHI) and population data for a variety of geographies, including census places, tracts, and block groups.</p> <p>According to the 2012-2016 ACS data from the United States Census Bureau, the statewide MHI is \$63,783. Therefore, 85% of the statewide MHI is \$54,216.</p>	<p><i>Select a layer that closely encompasses your project benefit area:</i></p> <ul style="list-style-type: none"> • Municipality – MHI and Population Counting Tool – Census Places • Municipality – MHI and Population Counting Tool – Census Tracts • Municipality – MHI and Population Counting Tool – Census Blocks
	Option 2 Rural County AND with an annual MHI <85% of the statewide median	<p>Rural Counties are the non-metropolitan California counties identified in the US Census Bureau designation of metropolitan statistical areas.</p> <p>According to the 2016 US Office of Management and Budget, 21 out of the 58 California counties are designated as non-metropolitan counties. Of the designated 21 rural counties, 16 meet the EDA MHI criteria.</p>	<p><i>Your project benefit area may be located within one of the qualified rural counties. Rural counties that meet the EDA MHI criteria are found in the following layer.</i></p> <ul style="list-style-type: none"> • Rural Counties with less than 85% MHI
	Option 3 Reasonably Isolated and Divisible Segment of a Larger Municipality where the Segment of the Population is 20,000 Persons or Less AND with an annual MHI <85% of the statewide median	<p>The basis for claiming that the area in question is reasonably isolated and divisible must be explained (in addition to providing evidence that the MHI and population criteria are met).</p> <p>Provide a detailed justification for why the area is a segment of a larger municipality and is reasonably isolated and how there is a direct project benefit to the isolated area.</p> <p>The 2012-2016 ACS data provides MHI and population data for a variety of geographies, including: census places, tracts, and block groups.</p>	<p>Examples of reasonably isolated may include, but are not limited to, examples of physical isolation or community barriers, such as:</p> <ul style="list-style-type: none"> • Communities divided by waterbodies • Communities divided by highways • Language barriers • Jurisdictional boundaries, and • Communities isolated from water or wastewater services <p><i>For evaluating if your project meets the EDA population and MHI criteria, select a layer that closely encompasses your project benefit area:</i></p> <ul style="list-style-type: none"> • Municipality – MHI and Population Counting Tool – Census Places • Municipality – MHI and Population Counting Tool – Census Tracts • Municipality – MHI and Population Counting Tool – Census Blocks
Step 2	Option 1 Financial Hardship	<p>The basis for claiming financial hardship must be explained. Information provided by the project proponent.</p>	<p><i>Examples of financial hardship may include, but are not limited to, the affordability of water in the benefit area, such as:</i></p> <ul style="list-style-type: none"> • Average annual residential water rate exceeds 1.5% of area's MHI • Average annual residential wastewater rate exceeds 1.5% of area's MHI • Average annual residential water and wastewater services rate exceeds 5% of area's MHI
	Option 2 Unemployment Rate at least 2% Higher than the Statewide Average	<p>According to the California Employment Development Department labor statistics, the 2017 statewide annual average unemployment rate for California is 4.8%. For the purposes of determining EDA status, the area's unemployment rate must be 6.8% or higher.</p>	<p><i>Select a layer that closely encompasses your project benefit area:</i></p> <ul style="list-style-type: none"> • Unemployment Rate – Counties • Unemployment Rate – Census Places

Table 2 – Economically Distressed Area Basis for Criteria

Steps	Criterion	Definition and Data Source	Applicable Geographic Layer on EDA Mapping Tool
	Option 3 Low Population Density	<p>For the purposes of determining EDA status, low population density is defined as 100 people or fewer per square mile.</p> <p>The 2012-2016 ACS data provides population data for a variety of geographies, including: census places, tracts, and block groups.</p>	<p><i>Select a layer that closely encompasses your project benefit area:</i></p> <ul style="list-style-type: none"> • Low Population Density – Counties • Low Population Density – Census Places • Low Population Density – Census Tracts • Low Population Density – Census Groups

Applicants need to submit a completed EDA Form to the funding agency (DWR or SWRCB) for the particular grant or loan program from which funds are being requested. Failure to submit any required component will make the submittal incomplete and may not support a determination by DWR as to whether the area in question is an EDA. Alternative sources of data or studies may be substituted in an application for approval when submitting as an EDA. Examples of alternative data sources or studies include local annual unemployment rate, local income surveys, or any EDA metrics for a subset of a block group. These sources of data or studies do not need to be pre-approved but can be submitted with the EDA submittal. Applicants who use alternative data sources must still meet the definition for the criteria listed in Table 2.

DWR and the SWRCB will coordinate to ensure that the EDA Forms are reviewed and that DWR makes the necessary determination in a timely manner. Such determinations may be subsequently submitted to future funding opportunities, provided that the MHI, population density, and unemployment rate data for the area are still current.

It is important that the applicants follow these instructions to ensure that their submittal will address all of the required elements. The EDA Form consists of the following components:

- Maps showing project benefit/service area and relevant EDA criteria
- Reasonably Isolated Justification (if applicable)
- Financial Hardship Justification (if applicable)

Attaching Maps

EDA criteria and project benefit area should be summarized and displayed with a map. More than one map may be necessary to clearly illustrate the EDA. The following steps are the basic steps to be followed when using the EDA Mapping Tool (applicants with GIS capabilities can download EDA data from the EDA webpage to display project benefit/service areas):

1. Zoom in to the map area representing the project benefit area
2. Turn on the appropriate layers needed to support the selected criteria
3. Take a screen-shot(s) of the project benefit area
4. Import the screen shot(s) to a drawing program
5. Draw the approximate project benefit area
6. Display the data of the selected criteria on your map (one criteria from each Step)
7. Attach map to EDA Form submittal package

Additional Notes:

The EDA Mapping Tool allows users to add their own data directly to the tool (as a GIS shapefile, or similar), and create a new map layer of this data. Doing so will allow Tool users to forego steps 3-5 above, as well as print the maps out directly from the EDA Mapping Tool.